

Dear Senator Grohoski, Representative Cloutier, and members of the Taxation Committee, I oppose LDs 632 & 746,

My name is Elizabeth Cooke and my wife, Carolyn, and I own and operate the Newcastle Inn Bed & Breakfast in Lincoln County. The inn has long been ingrained in the community, offering respite to travelers for over 100 years. We are one of only two traditional lodging establishments in our town that serve our community. In addition to tourists, we provide lodging for families visiting loved ones at the Lincoln Home assisted living center just down the street, patients traveling for appointments and procedures at Miles Hospital just across the river and out-of-town partners of local businesses coming for in-person meetings.

For us, the lodging we provide is not a second home purchased with the intent of future retirement while being used to produce passive income in the present. Nor are we a hotel chain that has the leverage and financial backing to significantly negotiate costs.

While this bill aims to fund affordable housing, it unfairly targets and penalizes all lodging establishments, rather than focusing on those that are the **primary contributors to the affordable housing shortage; second homes used as short-term rentals**. In the past year alone, 2 of 3 houses within a quarter mile radius of the inn have been sold as second homes with the intent of future retirement while being used to produce passive income in the present. One of these homes had previously been composed of 4 residential rental units, but now sits empty for half the year, taking housing for area labor that is already stretched to a breaking point to accommodate tourism in the summer months.

Over the 3 ½ years we have owned the inn we have faced significant challenges related to rapidly rising costs. We have experienced high inflation and rising expenses in nearly all facets of our business, for example, a nearly 225% increase in the cost of eggs that we use in every breakfast we prepare for our guests. To compete for help in Maine's shrinking labor force and to assist our employees in covering their own increasing costs, we have raised employee wages by over 25%. Last year, we saw our property tax increase by nearly 17%. These factors have already forced us to raise our prices while still trying to keep our inn accessible to those with ties to our community and have enough income to cover our basic living expenses.

We ask that you consider the determinantal impacts of this bill and vote no or, if you feel that this is the only path forward, to be specific in which lodging establishments are on the receiving end of this tax. **Please consider eliminating owner-operated lodging establishments that provide single source income from this bill and focus on the passive income, short-term rental homes that are singlehandedly taking away affordable housing in Maine.**

Thank you,

Elizabeth & Carolyn Cooke

Newcastle, Maine